

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Shrewsbury Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2018
DATE: November 7, 2016

Required Fiscal Year 2018 Appropriation: **\$6,252,284**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2018 which commences July 1, 2017.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2018 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was determined by Sherman Actuarial Services as part of their January 1, 2016 actuarial valuation.

If your System has a valuation currently in progress, you may submit a revised funding schedule to PERAC upon its completion. The current schedule is/was due to be updated by Fiscal Year 2019.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

JEC/jrl
Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk



Shrewsbury Retirement Board

Projected Appropriations

Fiscal Year 2018 - July 1, 2017 to June 30, 2018

Aggregate amount of appropriation: **\$6,252,284**

| Fiscal Year | Estimated Cost of Benefits | Funding Schedule (Excluding ERI) | ERI | Total Appropriation | Pension Fund Allocation | Pension Reserve Fund Allocation | Transfer From PRF to PF |
|----------------|----------------------------|----------------------------------|-----|---------------------|-------------------------|---------------------------------|-------------------------|
| FY 2018 | \$6,502,903 | \$6,252,284 | \$0 | \$6,252,284 | \$6,252,284 | 0 | \$250,619 |
| FY 2019 | \$6,817,086 | \$6,259,582 | \$0 | \$6,259,582 | \$6,259,582 | \$0 | \$557,504 |
| FY 2020 | \$7,146,409 | \$6,264,613 | \$0 | \$6,264,613 | \$6,264,613 | \$0 | \$881,796 |
| FY 2021 | \$7,491,599 | \$613,270 | \$0 | \$613,270 | \$613,270 | \$0 | \$6,878,329 |
| FY 2022 | \$7,853,421 | \$615,249 | \$0 | \$615,249 | \$615,249 | \$0 | \$7,238,172 |

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

Breakouts

| | <u>Total</u> | <u>Housing</u> | <u>Light</u> | <u>Cable</u> | <u>Water</u> | <u>Sewer</u> | <u>Custodians</u> | <u>All Others</u> | <u>School Employees</u> | <u>School Lunch</u> |
|--|-------------------|------------------|-------------------|------------------|------------------|----------------|-------------------|-------------------|-------------------------|---------------------|
| (1) Participants | | | | | | | | | | |
| (a) Actives | 511 | 10 | 36 | 30 | 13 | 3 | 22 | 164 | 212 | 21 |
| (b) Inactives | 125 | 0 | 1 | 7 | 0 | 0 | 1 | 17 | 94 | 5 |
| (c) Retirees and Beneficiaries | 235 | 4 | 23 | 7 | 9 | 1 | 22 | 127 | 29 | 13 |
| (d) Disabled Retirees | <u>32</u> | <u>0</u> | <u>3</u> | <u>0</u> | <u>1</u> | <u>0</u> | <u>3</u> | <u>22</u> | <u>2</u> | <u>1</u> |
| (e) Total | 903 | 14 | 63 | 44 | 23 | 4 | 48 | 330 | 337 | 40 |
| (2) Payroll of Active Participants | \$23,692,881 | \$564,131 | \$2,769,465 | \$1,888,963 | \$724,486 | \$148,200 | \$969,948 | \$9,817,926 | \$6,385,773 | \$423,989 |
| (3) Normal Cost | | | | | | | | | | |
| (a) Total Normal Cost | 2,515,988 | 47,693 | 299,913 | 181,630 | 70,459 | 13,982 | 115,293 | 1,063,363 | 676,486 | 47,168 |
| (b) Expected Employee Contributions | 2,047,500 | 43,579 | 238,257 | 172,652 | 60,179 | 12,029 | 82,192 | 862,187 | 541,587 | 34,838 |
| (c) Administrative Expenses | <u>100,000</u> | <u>1,896</u> | <u>11,920</u> | <u>7,219</u> | <u>2,800</u> | <u>556</u> | <u>4,582</u> | <u>42,264</u> | <u>26,887</u> | <u>1,875</u> |
| (d) Net Employer Normal Cost (a) - (b) + (c) | 568,488 | 6,010 | 73,576 | 16,197 | 13,080 | 2,509 | 37,683 | 243,440 | 161,786 | 14,205 |
| (4) Actuarial Accrued Liability | 119,047,013 | 1,903,340 | 19,480,769 | 4,896,312 | 3,614,981 | 587,134 | 6,381,456 | 65,354,301 | 14,531,995 | 2,296,721 |
| (5) Assets* | <u>99,832,849</u> | <u>1,526,138</u> | <u>18,534,545</u> | <u>4,173,495</u> | <u>2,898,568</u> | <u>470,776</u> | <u>5,116,786</u> | <u>53,618,920</u> | <u>11,652,059</u> | <u>1,841,559</u> |
| (6) Unfunded Actuarial Accrued Liability (4) - (5) | 19,214,164 | 377,202 | 946,224 | 722,817 | 716,413 | 116,358 | 1,264,670 | 11,735,381 | 2,879,936 | 455,162 |
| (7) Amortizations* | 5,336,488 | 104,763 | 262,802 | 200,753 | 198,975 | 32,317 | 351,246 | 3,259,352 | 799,865 | 126,415 |
| (8) Total Required Employer Contributions (3d) + (7) | 5,904,976 | 110,773 | 336,378 | 216,950 | 212,055 | 34,826 | 388,929 | 3,502,794 | 961,652 | 140,620 |
| (9) Fiscal 2018 Cost | 6,252,284 | 117,288 | 356,162 | 229,710 | 224,527 | 36,874 | 411,805 | 3,708,815 | 1,018,212 | 148,891 |
| (10) Fiscal 2019 Cost | 6,259,582 | 117,425 | 356,578 | 229,978 | 224,789 | 36,917 | 412,286 | 3,713,144 | 1,019,401 | 149,065 |
| (11) Fiscal 2020 Cost | 6,264,613 | 117,519 | 356,865 | 230,163 | 224,970 | 36,947 | 412,617 | 3,716,127 | 1,020,220 | 149,185 |
| (12) Fiscal 2021 Cost | 613,270 | 11,504 | 34,935 | 22,532 | 22,023 | 3,617 | 40,393 | 363,788 | 99,874 | 14,604 |
| (13) Fiscal 2022 Cost | 615,249 | 11,541 | 35,048 | 22,605 | 22,094 | 3,629 | 40,523 | 364,963 | 100,196 | 14,651 |
| (14) Fiscal 2023 Cost | 616,406 | 11,563 | 35,114 | 22,648 | 22,136 | 3,636 | 40,599 | 365,648 | 100,384 | 14,679 |
| (15) Fiscal 2024 Cost | 616,670 | 11,568 | 35,129 | 22,658 | 22,145 | 3,638 | 40,616 | 365,804 | 100,427 | 14,685 |
| (16) Fiscal 2025 Cost | 615,970 | 11,555 | 35,089 | 22,632 | 22,120 | 3,634 | 40,570 | 365,390 | 100,313 | 14,668 |
| (17) Fiscal 2026 Cost | 614,226 | 11,522 | 34,990 | 22,568 | 22,057 | 3,624 | 40,455 | 364,356 | 100,029 | 14,626 |
| (18) Percentage of Total Cost | 100.0% | 1.9% | 5.7% | 3.7% | 3.6% | 0.6% | 6.6% | 59.3% | 16.3% | 2.4% |
| (19) Funded Ratio | 83.86% | 80.18% | 95.14% | 85.24% | 80.18% | 80.18% | 80.18% | 82.04% | 80.18% | 80.18% |

* Allocation is based on the ratio of the Unfunded Actuarial Accrued Liability, adjusted for additional contributions.